**Section 735.120 Deposits**

Conditions under which a company may request a deposit from applicants for service and present customers are set out in Sections 735.100 and 735.110 of this Part, respectively.

a) Amount of Deposits – No company shall request a deposit from an applicant or customer in excess of the estimated charges for 2 months for residential service, and 4 months for business service. The estimated charges for customers shall be based on the average monthly billing of the past 6 months to that customer. In the case of an applicant for service or a present customer who does not have 6 months service with the company, the company may use the average monthly bill for that class and type of service to determine the correct amount for that deposit. The estimated deposit for an applicant may take into consideration past billing history for service of another company if service was provided within the State of Illinois and within 6 months of the application. The Company's tariffs shall provide the methods by which deposits shall be calculated. The amount of deposit may be adjusted by the company for a customer pursuant to Section 735.110. The amount of the deposit may be adjusted at the request of the customer, applicant or utility at any time when the character or degree of use of the service materially changes or when it is clearly established that the character or degree of use of the service will materially change in the immediate future.

b) Payment of Deposits – A utility may request that a maximum of ⅓ of the amount of a requested deposit from any customer be paid within 12 days after the date of the request for deposit. An applicant may be requested to pay no more than ⅓ of the deposit amount prior to the establishment of service. At least two billing periods shall be allowed for the balance of the deposit. A customer or applicant may, at their option, pay the deposit on a more expedited schedule.

c) Refund of Deposits

1) Deposits plus interest shall be automatically refunded after being held for 12 months, so long as:

A) the customer has paid any past due bill for service owed to the same company;

B) service has not been discontinued for nonpayment,

C) the customer has not paid late 4 times, or

D) the company has not provided evidence that the customer used a device or scheme to obtain service without payment.

2) If the company does not return a customer's deposit after 12 months, the company shall provide the customer with the reasons the deposit is being retained, if the customer so requests.

d) Records of Deposits – The company shall maintain records of deposits together with interest, which collectively will show all transactions pertaining to each deposit. The company shall provide the applicant or customer with a Deposit Receipt for any deposit received. The Receipt shall show the customer's name, service address, serial number, type of service, amount of deposit, rate of interest on deposit, date received, Company's name, and a statement of the conditions under which the deposit will be refunded.

e) Deposits plus interest shall be refunded when service has been terminated for more than 30 days, less the amount of unpaid bills, if any, for that service. A transfer of service from one premise to another within the area served by the company shall not be deemed a termination of service by the company if the class of service remains the same. When a deposit plus interest is applied to the liquidation of unpaid bills, the company shall provide the customer with a statement showing the amount of the unpaid bill(s) liquidated by the deposit plus interest, and the balance remaining due either to the customer or to the company.

f) All deposit refunds shall be by separate check and not by credit to the customer's account unless the deposit is used to pay the customer's final bill. When a deposit or portion of deposit is refunded, the company shall issue a Cancellation Notice carrying the same serial number as the Deposit Receipt and showing what portion of deposit is being refunded. No refund of less than $1 need be issued. When refunds are not deliverable, records shall be maintained to show a Company's efforts toward locating the applicant or customer, and delivering such refund.

g) At the option of the company, a deposit plus interest may be refunded, in whole or in part, at any time earlier than the times prescribed in this Section.

h) Interest Paid on Deposits

1) Interest shall be paid on all deposits held by the utility. The rate of interest will be the same as the rate existing for the average one-year yield on U.S. Treasury securities for the last full week in November. The interest rate will be rounded to the nearest .5%. In December of each year the Commission shall announce the rate of interest that shall be paid on all deposits held during all or part of the subsequent year.

2) At the request of a customer, the company shall compute the accrued interest upon the deposit and pay such amount to the customer. The company need not make such payment more often than once in a 12 month period, nor sooner than 12 months after receipt of a deposit.

i) Guarantee in Lieu of Deposit

1) In lieu of a deposit required by this Section, a company shall accept the written guarantee of a responsible party as surety for a residential service account. A current customer of the same company with at least 12 months' service which has not been discontinued for nonpayment during the most recent 12 months qualifies as a responsible party.

2) The form of each Company's guarantee must be filed with and approved by the Illinois Commerce Commission. A guarantee shall be approved in accordance with these rules if it conforms to the following conditions:

A) It shall be in writing.

B) It shall state the terms of the guarantee (including the maximum amount guaranteed) and that the company shall not hold the Guarantor liable for sums in excess of that amount.

C) This guarantee shall remain in full force and effect until 30 days after receipt by the company of a cancellation of this agreement from Guarantor. However, the company is not obliged to release the Guarantor from their obligation if the company has reason to believe that the customer has used a device or scheme to obtain service without payment, and has so notified the customer.

D) The maximum amount guaranteed shall not exceed the amount of the deposit which would have been charged the applicant or customer.

E) The Guarantor shall be released from their obligation when the customer has met the criteria set forth in Section 735.120(c).

j) A company shall agree to accept a Surety Bond in lieu of a cash deposit, provided that such surety bond has been issued by an insurance company that has received a certificate of authority from the Department of Insurance to do business in Illinois.

(Source: Amended at 26 Ill. Reg. 7078, effective May 1, 2002)